

Introduction to the VRPP Hurricane Katrina Assistor's Test

All tax return preparers in the Volunteer Return Preparation Program (VRPP) completing returns with Katrina Emergency Tax Relief Act (KETRA) issues must be certified in Katrina tax law.

Please complete this test on your own. Taking the test in groups or with outside assistance could prove to be a disservice to the people you have volunteered to help. You may use any reference materials available to you as a volunteer to complete this test.

The Test is comprised of two segments.

You must complete both segments for VRPP Katrina certification. The net effect – you must answer 20 objective questions at an overall 70% proficiency to complete VRPP Katrina certification.

Segment 1 (5 Points for each Question) Possible 50 Points 10 True/False.

Segment 2 (5 Points for each Question) Possible 50 Points 10 Multiple Choice.

What to do when you complete your test:

After you have completed your test, please transfer all answers to the Test Answer Sheet. Forward the completed Test Answer Sheet to your sponsor or instructor, as directed, for grading.

Do not send your entire test booklet unless otherwise directed.

You will receive your Test Answer Sheet back with your results.

In order to certify as a Katrina law VRPP preparer or quality reviewer you must score 70 points on the test. The test is intended to validate your understanding of Katrina tax law as it applies to a variety of customer situations.

Test Answer Sheet for Katrina Certification Process

Name: _____
Address: _____

If you do not achieve a score of 70 or more, you should discuss it with your Instructor or Training/Site Coordinator.

Segment 1 – Total 50 points possible

1	2	3	4	5	6	7	8	9	10
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Segment 1 Questions Correct _____ times 5 Points = _____

Segment 2 – Total 50 points possible

11	12	13	14	15	16	17	18	19	20
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Segment 2 Questions Correct _____ times 5 Points = _____

Certification (IRS or Sponsor Use Only) must achieve 70 + out of 100

Katrina Tax Law	True/False	Multiple Choice
Total Points All Segments		
Certified (Yes/No)		

Certified by: _____ Date: _____

Privacy Act Notice

The Privacy Act of 1974 requires that when we ask for information we tell you our legal right to ask for the information, why we are asking for it, and how it will be used. We must also tell you what could happen if we do not receive it, and whether your response is voluntary, required to obtain a benefit, or mandatory.

Our legal right to ask for information is 5 U.S.C. 301. We are asking for this information to assist us in contacting you relative to your interest and/or participation in the IRS volunteer income tax preparation and outreach programs. The information you provide may be furnished to others who coordinate activities and staffing at volunteer return preparation sites or outreach activities. The information may also be used to establish effective controls, send correspondence and recognize volunteers.

Your response is voluntary. However, if you do not provide the requested information, the IRS may not be able to use your assistance in these programs.

There are a total of 20 objective questions comprised of 10 True/False responses and 10 Multiple Choice responses. Please record all answers on the Test Answer Sheet located in the front of the test.

SEGMENT 1 – True/False

For questions 1 through 10, determine whether each of the following statements is true or false (select a or b) and record your answers on the answer sheet located in the front of the test booklet.

- a. True
- b. False

1.		The automatic extension of time to file does not give affected taxpayers an extension of time to pay.
2.		The IRS will abate interest and late filing, late payment penalties.
3.		A "Core Disaster Area" is that portion of the Hurricane Katrina disaster area determined by FEMA to warrant assistance.
4		Taxpayers in Public Assistance Areas must identify themselves by writing "Hurricane Katrina" in red ink at the top of their tax forms filed with the IRS.
5.		A qualified Hurricane Katrina distribution is a distribution from an eligible retirement plan made on or after August 25, 2005, and before January 1, 2006.
6.		An individual who lived in a Hurricane Katrina disaster area and sustained an economic loss from the storm may receive an exception to the 10% early withdrawal penalty regardless of the amount of the distribution.
7.		A qualified Hurricane Katrina distribution is required to be included in income ratably over three years, unless taxpayer elects to the contrary.
8.		Temporary suspension of limitations on charitable contributions applies to contributions made for or to benefit Katrina relief.
9.		Qualified individuals may elect to calculate their EIC and Additional CTC for tax year 2005 using their earned income from the prior taxable year.
10.		Form 8914 is used to claim the additional exemption for housing displaced individuals.

SEGMENT 2 – Multiple Choices

For questions 11 through 20, determine which of the answers presented is correct and record your answers on the answer sheet located in the front of the test booklet.

11. The Hurricane Katrina Disaster Area includes which of the following?
 - a. Alabama, Florida, Louisiana, and Texas
 - b. Louisiana, Florida, Alabama, and Georgia
 - c. Florida, Louisiana, Mississippi, and Alabama
 - d. None of the above
12. Qualified individuals for the Special Look-Back rule for determining Earned Income Credit and Additional Child Tax Credit are:
 - a. Individuals who on August 25, 2005, had their primary residence in an individual disaster area.
 - b. Individuals who on August 25, 2005, had their primary residence in a disaster area.
 - c. Individuals who on August 25, 2005, were not in the core disaster area but lived in the Hurricane Katrina disaster area and were displaced from their homes.
 - d. Both b and c
13. For impacted Katrina individuals, what is the recommended notation to include across the top of the tax return?
 - a. No notation is required.
 - b. "Automatic extension" until October 15.
 - c. Write in red ink on top of Form 1040, "Hurricane Katrina".
 - d. None of the above
14. The charitable mileage rate beginning August 25, 2005, and ending on December 31, 2006.
 - a. Increased to 70% of the Standard Business mileage rate for taxpayers who provided services for Hurricane Katrina relief efforts.
 - b. Taxpayer has the option of using the actual out-of-pocket expenditures.
 - c. Taxpayer must use a personal vehicle.
 - d. All of the Above
15. Bee volunteered to use her personal vehicle to deliver food to Hurricane Katrina victims on September 3, 2005. She logged 1000 miles. Under the provisions of the Katrina Emergency Relief Act, compute her mileage deduction.
 - a. \$329
 - b. \$340
 - c. \$290
 - d. \$140

16. Katrina law suspended the limitations on cash charitable contributions, allowing taxpayers to contribute up to their contribution base (usually AGI), provided:
- The contribution benefits Katrina relief after August 28, 2005, and beginning on December 31, 2005.
 - The contribution was made to any charitable organization beginning August 28, 2005, and ending on December 31, 2005.
 - The contribution may be in any form beginning August 28, 2005, and ending on December 31, 2005.
 - All of the Above
17. Which of the following is a true statement to claim the additional exemption for housing displaced Katrina individuals,
- The displaced Katrina individual must live with taxpayer 120 consecutive days.
 - The additional exemption must be for a spouse or dependent
 - The maximum additional exemption amount, per return, is \$2000.
 - The taxpayer cannot charge for Katrina individuals use of rental property.
18. On August 29, 2005, Ralph sustained an economic loss from Hurricane Katrina. On September 10, 2005, Ralph received a \$150,000 IRA distribution. Ralph has chosen to equally divide the amount over 3 years. How much of the distribution would be taxable to Ralph on his 2005 tax return?
- \$100,000
 - \$150,000
 - \$33,333
 - \$83,333
19. What is the deadline for taxpayers impacted by Hurricane Katrina to file returns, pay taxes, and perform other time-sensitive acts?
- April 15, 2006
 - August 28, 2006
 - February 28, 2006
 - October 15, 2006
20. Which of the following is **not** one of the five Titles of the Katrina Emergency Relief Act?
- Employment Relief
 - Emergency Requirement
 - Tax Relief Deduction
 - Additional Relief Provisions